84TH CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 2380

AMENDMENTS TO PUBLIC LAW 480, 83D CONGRESS

JUNE 18, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 11708]

The Committee on Agriculture, to whom was referred the bill (H. R. 11708) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase the amount authorized to be appropriated for purposes of title I of the act, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

The purpose of this bill is to amend in three respects the provisions of the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as Public Law 480. This is the law which authorizes the sale of agricultural surpluses for foreign currencies, where such sales are in addition to the usual purchases of such commodity by the foreign country. The law also authorizes an augmented program of bartering surplus agricultural commodities for strategic materials and other goods needed by the United States. The bill would amend the law in three respects:

(1) By increasing from $1.5 billion to $3 billion the total amount of the foreign currency transactions which may be carried out under the law;

(2) Authorize use of some of the foreign currency received from the sale of surplus commodities for support of American schools abroad;

(3) Permit barter transactions, but not sales for foreign currency, with Russian satellite countries.

Hearings were held on H. R. 11403, H. R. 11443, and H. R. 11480. The bills were introduced pursuant to an executive communication from the Secretary of Agriculture to the Speaker of the House of

Representatives dated May 17, 1956, and recommending enactment of such legislation. The executive communication and the bills introduced pursuant thereto recommended the repeal of section 304 of the act, relating to dealings with the satellite countries. Rather than repealing the section, the committee has modified the language thereof and the bill reported herewith is a clean bill embodying language adopted by the committee.

SALES FOR FOREIGN CURRENCY

Public Law 480 was approved July 10, 1954, with an original limitation on such sales of $750 million. In August 1955, this limitation was increased to $1,500 million and this amount has now been committed. The committee is informed that additional agreements totaling several hundred million dollars are being held up at the present time awaiting additional authorization.

Following are some of the highlights of the program involving sales of our agricultural surpluses for foreign currency under title I of the act.

Since the beginning of the program, 59 agreements have been signed with 27 countries for the sale of agricultural commodities totaling $1,509 million at Commodity Credit Corporation cost. An estimated shortfall in procurement of $47 million is expected, reducing the estimated net obligation to $1,468 million. More than half of this amount has been covered by agreements entered into during the last 6 months.

In terms of quantity, agreements signed to date represent almost 7.1 million metric tons of commodities. By June 30, 4.4 million tons of this total will have been exported, leaving 2.7 million tons to move during the coming months. There has been a lag in cotton shipments, but these should accelerate when the new cotton export price policy becomes fully operative.

There are included in agreements signed to date 158 million bushels of wheat, 57 million bushels of feed grains, 10 million hundredweight of rice, 1.7 million bales of cotton, 124 million pounds of tobacco, 1 billion pounds of fats and oils, 90 million pounds of dairy products, 82 million pounds of fruit and vegetables, 75 million pounds of meat products, and other commodities.

These commodities are paid for by foreign countries in their own currencies. Payments are based on United States export prices rather than on CCC investment and costs. For example, wheat might cost a foreign buyer $1.70 per bushel but the CCC investment in the wheat could be as much as $3.10 per bushel. On this basis the total foreign currency payments due the United States Government under agreements signed to date total $1,041 million.

About 31.4 percent of this total will be used for purpose directly beneficial to the United States, including the payment of our obligations that would otherwise be paid in dollars, the purchase of strategic materials, financing of agricultural market development programs abroad, and financing international educational exchange programs.

About $73 million worth of foreign currency has been programed to construct United States military family housing abroad. Construction is well advanced in the United Kingdom on 1,500 units which will cost $15 million, and these are expected to be completed by the end of the current year. The Defense Department will reimburse the

Commodity Credit Corporation for the cost of the housing from its quarters allowances. Other countries in which military family housing will be erected include Spain, Japan, French Morocco, Greece, Libya, and Italy.

Funds in this category are being used to pay United States military base construction costs in Turkey, Spain, and other countries. They are also being used to pay United States Embassy costs in many countries. These uses return dollars to the Commodity Credit Corporation.

A total of about $19 million in foreign currency has been obligated for agricultural market development projects in 24 countries. These are projects designed to promote increased use of our agricultural commodities. Projects undertaken in this area include a cotton promotion program in cooperation with the National Cotton Council, tobacco promotion with three United States associations, wheat promotion with the Oregon Wheat League, etc. Private cooperating United States and foreign-trade groups are making financial contributions to these programs.

About 2.3 percent of the proceeds is being used to purchase goods for third countries. These purchases generally supplement those which are possible with United States foreign-aid funds. However, if the goods are donated to the third country, the CCC will be reimbursed from foreign-aid funds.

About 16.7 percent is being used on a grant basis to build up the armed strength of such countries as Korea, Pakistan, and Iran. In most cases if these grants were not made, it would be necessary to increase appropriations for military aid.

About 0.7 percent of the total proceeds is being used as a grant for economic development. The grant has been made in only one case—Greece, which had a very serious earthquake in April of 1955. In order to show the expression of sympathy of all the people of the United States for those who suffered from this catastrophe, the United States Government agreed that $7.5 million worth of drachmas are to be used to help finance rebuilding and repair of housing in the devasted areas.

About 48.9 percent of the total proceeds of $1,041 million is scheduled to be loaned to recipient countries to promote multilateral trade and economic development. Up to this time agreements have been concluded with 7 countries providing for local currency loans equivalent to about $105 million. Additional loan agreements are being negotiated. The loans are made for periods of 10 to 40 years, and are usually denominated in dollars in order to protect the United States against devaluation of the currencies. The loans may be repaid in strategic materials, services, foreign currencies or dollars. In the event the foreign country elects to repay in its own currencies, these may be used to meet any expenses of the United States Government in the country.

The following tables show in detail the agreements which have been made under title I of Public Law 480, the value and the quantity of the commodities involved in sales for foreign currency, and the planned use of the currencies obtained from such sales.

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TABLE I.—*Agreements signed from beginning of program*

[In thousands of dollars]

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	CCC cost, including ocean transportation
1. Turkey	Nov. 15, 1954	$18, 917	$5, 517	$35, 086
2. Yugoslavia	Jan. 5, 1955	37, 990	6, 214	66, 018
3. Pakistan	Jan. 18, 1955	28, 084	1, 316	39, 082
4. Chile	Jan. 27, 1955	4, 600	407	7, 686
5. Peru	Feb. 7, 1955	3, 250	380	6, 255
6. Spain	Apr. 20, 1955	19, 316	1, 684	25, 009
7. Argentina	Apr. 25, 1955	5, 670	130	8, 721
8. Turkey (amendment)	Apr. 28, 1955	4, 144	427	6, 121
9. Israel	Apr. 29, 1955	7, 848	822	13, 255
10. Finland	May 6, 1955	5, 114	136	5, 250
11. Yugoslavia (amendment)	May 12, 1955	6, 523	1, 309	13, 384
12. Italy	May 23, 1955	48, 200	1, 800	71, 708
13. Japan	May 31, 1955	79, 026	5, 974	111, 266
14. Korea	do	14, 015	985	15, 000
15. United Kingdom	June 7, 1955	15, 000	205	15, 205
16. Austria	June 14, 1955	5, 500	584	8, 256
17. Israel (amendment)	June 15, 1955	3, 652	678	7, 312
18. Thailand	June 21, 1955	1, 900	100	2, 000
19. Colombia	June 23, 1955	4, 900	400	7, 072
20. Greece	June 24, 1955	5, 400	647	8, 665
21. Do	do	7, 573	772	12, 711
22. Peru (amendment)	June 25, 1955	3, 400	400	6, 259
Subtotal as of June 30, 1955		330, 022	30, 887	491, 321
23. France	Aug. 11, 1955	650	0	650
24. Peru (amendment)	Sept. 20, 1955	3, 000	320	3, 320
25. Yugoslavia (amendment)	Oct. 1, 1955	17, 900	4, 260	42, 168
26. Ecuador	Oct. 7, 1955	3, 750	270	5, 280
27. Spain (amendment)	Oct. 20, 1955	10, 000	622	10, 622
28. Israel	Nov. 10, 1955	14, 740	2, 300	26, 868
29. Brazil	Nov. 16, 1955	37, 150	4, 680	77, 955
30. Egypt	Dec. 14, 1955	4, 818	782	10, 682
31. Colombia	Dec. 20, 1955	10, 900	700	17, 054
32. Argentina	Dec. 21, 1955	24, 700	600	25, 300
33. Germany	Dec. 23, 1955	1, 200	0	1, 200
34. Finland (amendment)	Jan. 12, 1956	500	50	980
35. Yugoslavia (amendment)	Jan. 19, 1956	42, 600	6, 400	77, 869
36. Spain (amendment)	Jan. 21, 1956	15, 000	1, 100	16, 100
37. Israel (amendment)	Jan. 31, 1956	900	0	1, 760
38. Austria	Feb. 7, 1956	20, 800	1, 650	33, 515
39. Burma	Feb. 8, 1956	20, 800	900	31, 200
40. Egypt (amendment)	do	4, 900	700	11, 216
41. Israel (amendment)	Feb. 10, 1956	10, 000	0	10, 000
42. Egypt (amendment)	Feb. 17, 1956	7, 348	1, 052	16, 825
43. Greece (amendment)	do	5, 867	233	6, 100
44. Iran	Feb. 20, 1956	11, 300	916	19, 938
45. Pakistan	Mar. 2, 1956	15, 000	1, 900	30, 746
46. Indonesia	do	91, 800	4, 900	152, 969
47. Spain	Mar. 5, 1956	60, 000	4, 800	79, 096
48. Turkey	Mar. 12, 1956	3, 700	300	4, 000
49. Korea	Mar. 13, 1956	39, 700	4, 100	59, 674
50. Chile	do	32, 500	2, 100	45, 437
51. Spanish-Swiss	Mar. 20, 1956	4, 607	393	9, 430
52. Finland (amendment)	Mar. 26, 1956	12, 100	1, 000	18, 702
53. Finland (amendment)	Apr. 26, 1956	2, 900	465	6, 718
54. Paraguay	May 2, 1956	2, 600	400	5, 170
55. Peru	May 7, 1956	2, 470	310	5, 420
56. Turkey (amendment)	May 11, 1956	9, 700	1, 400	20, 200
57. Portugal	May 24, 1956	6, 300	800	13, 400
58. Japan	Feb. 10, 1956 [1]	59, 900	5, 900	108, 300
59. United Kingdom	June 5, 1956	12, 000		12, 000
Subtotal, July 1, 1955, through June 5, 1956		624, 100	56, 300	1, 017, 864
Total, all agreements signed through June 5, 1956		954, 122	87, 190	1, 509, 185
Estimated shortfall				47, 000
Estimated net obligation				1, 462, 185

[1] Effective May 29, 1956.

TABLE II.—*Commodity composition of programs under title I, Public Law 480 agreements signed through June 5, 1956*

[In millions of dollars]

Country	Wheat	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation	Market value including overseas transportation [1]	CCC cost including overseas transportation [1]
Argentina							$30.4		$30.4	$0.7	$31.1	$34.0
Austria	$3.4	$10.6		$6.1	$3.5		2.4	[2] $0.3	26.3	2.2	28.5	41.8
Brazil	32.1	3.0			.2		1.8		37.1	4.7	41.8	78.0
Burma				17.5	1.1	$2.0		[2] .2	20.8	.9	21.7	31.2
Chile	8.4			5.3	.2	1.0	16.0	[3] 6.2	37.1	2.5	39.6	53.1
Colombia	5.0			7.6		.7	2.5		15.8	1.1	16.9	24.1
Ecuador	1.1			.9	.2		1.5		3.7	.3	4.0	5.3
Egypt	17.1								17.1	2.5	19.6	38.7
Finland	6.0	1.1		5.8	6.0	.5		[2] 1.2	20.6	1.7	22.3	31.6
France					.7				.7		.7	.7
Germany								[4] 1.2	1.2		1.2	1.2
Greece	6.0	2.4				2.5	8.0		18.9	1.6	20.5	27.5
Indonesia	5.0		$35.8	36.0	15.0				91.8	4.9	96.7	153.0
Iran	3.9					6.0	1.4		11.3	.9	12.2	19.9
Israel	11.1	6.4	.1	2.6	.4	3.3	2.9	[5] 10.3	37.1	3.8	40.9	59.2
Italy	1.6	3.0		35.9	3.2		4.5		48.2	1.8	50.0	71.7
Japan	49.7	14.3	14.4	52.8	7.7				138.9	11.9	150.8	219.5
Korea	6.4	11.5		17.2	6.6	1.0	3.0	[6] 8.0	53.7	5.1	58.8	74.7
Pakistan			15.0	21.5	3.3	2.3	1.0		43.1	3.2	46.3	69.8
Paraguay	1.7					.4	.5		2.6	.4	3.0	5.2
Peru	8.9					.2	3.0		12.1	1.4	13.5	21.2
Portugal	6.3								6.3	.8	7.1	13.4
Spain	[7] 4.6	5.7		33.2	4.2		58.5	[8] 2.7	108.9	8.6	117.5	140.2
Thailand					1.9				1.9	.1	2.0	2.0
Turkey	13.4	12.7	1.4				8.9		36.4	7.7	44.1	65.4
United Kingdom					27.0				27.0	.2	27.2	27.2
Yugoslavia	76.1			18.1			10.8		105.0	18.1	123.1	199.4
Total agreements	267.8	70.7	66.7	260.5	81.2	19.9	157.1	30.1	954.0	87.1	1,041.1	1,509.0
Estimated shortfall												47.0
Estimated net obligation												1,462.0

[1] Includes only ocean transportation to be financed by CCC.
[2] Fruit.
[3] Hay and pasture seeds $2,500,000; frozen beef $3,700,000.
[4] Poultry.
[5] Dry edible beans, $300,000; chilled or frozen beef, $10,000,000.
[6] Canned pork.
[7] Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.
[8] Hams $1,000,000; potatoes $1,400,000; cotton linters $300,000.

TABLE III.—*Approximate quantities of commodities under agreements signed through June 5, 1956, title I, Public Law 480*

Country	Wheat (1,000 bushels)	Feed grains (1,000 bushels)[1]	Rice (1,000 hundred-weight)	Cotton (1,000 bales)[2]	Tobacco (1,000 pounds)	Dairy products (1,000 pounds)[3]	Fats and oils (1,000 pounds)[4]	Poultry (1,000 pounds)	Dry edible beans (1,000 hundred-weight)	Fruit and vegetables (1,000 pounds)	Meat (1,000 pounds)	Hay and pasture seeds (1,000 hundred-weight)
Argentina							220,000					
Austria	2,025	7,091		42.5	5,900		[5] 16,552			[6] 2,084		
Brazil	18,995	2,205			100		[5] 11,000					
Burma				125.0	1,500	14,335				[6] 2,350		
Chile	4,927			37.6	300	9,900	[5] 105,562				[7] 13,214	55
Colombia	2,612			48.3		3,307	14,141					
Ecuador	560			6.6	323		13,629					
Egypt	10,329											
Finland	3,557	750		36.1	9,990	1,163				[6] 11,000		
France					867							
Germany								3,000				
Greece	3,479	2,366				21,264	44,986					
Indonesia	2,894		5,516	257.2	23,000							
Iran	2,120					11,708	5,773					
Israel	6,426	6,082	7	15.5	550	10,793	18,450		37		[7] 40,000	
Italy	948	1,923		253.8	4,000		33,322					
Japan	30,754	12,227	2,111	308.6	9,629							
Korea	4,122	10,000		102.7	14,000	10,000	20,000				[7] 21,000	
Pakistan			2,300	141.3	3,650	4,000	8,274					
Paraguay	990					3,086	[5] 3,105					
Peru	5,040					621	22,000					
Portugal	3,753											
Spain	2,446	3,594		[2] 239.6	7,573		[5] 340,293			[6] 66,667	[7] 1,640	
Thailand					2,700							
Turkey	7,784	10,532	215				59,957					
United Kingdom					39,489							
Yugoslavia	44,120			114.4			87,964					
Total agreements	157,881	56,770	10,149	1,729.2	123,571	90,227	1,025,008	3,000	37	82,101	75,854	55

[1] Note following:

	Thousand bushels
Corn	18, 662
Oats	4, 751
Barley	27, 562
Grain sorghums	5, 795
Total	56, 770

[2] Includes 16,700 bales cotton linters for Spain.

[3] Note following:

	Thousand pounds
Nonfat dry milk	36, 219
Evaporated milk	23, 535
Butter	11, 367
Cheese	2, 679
Butter oil and/or ghee	10, 426
Ghee	4, 000
Whey	2, 001
Total	90, 227

[4] Note following:

	Thousand pounds
Cottonseed oil	202, 781
Cottonseed oil and/or soybean oil	302, 463
Cottonseed oil, soybean oil and/or lard	344, 194
Linseed oil	8, 800
Lard	131, 014
Tallow and/or grease	35, 756
Total	1, 025, 008

[5] Entire quantity shown for country is lard except Chile, Paraguay, and Spain which includes lard as follows:

	Thousand pounds
Chile	3, 357
Paraguay	1, 279
Spain	10, 862

[6] Austria, canned fruit and fruit juices, 450,000 pounds; dried fruit, 1,634.000 pounds; Burma, dried fruit: Finland, dried fruit; Spain, potatoes.

[7] Israel and Chile, chilled or frozen beef; Korea, canned pork; Spain, canned hams.

Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

TABLE IV.—*Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 5, 1956* [1]

[In millions of dollars]

Country	Total amount programed (market value including overseas transportation)	Market development (104a)	Purchase of strategic material (104b)	Payment of United States obligations (104f)[2]	International education exchange (104h)	Total United States uses (104a, b, f, and h)[2]	Military procurement (104c)	Purchase of goods for other countries (104d)	Grants for multiple trade and economic development (104e)	Loans for multiple trade and economic development (104g)
Argentina	$31.1	$0.5		$8.9	$0.7	$10.1		$1.0		$20.0
Austria	[3] 28.5	.7	$0.8	8.5	.2	10.2		2.0		16.0
Brazil	[3] 41.8	.7	2.8	5.5	.9	9.9				31.3
Burma	21.7			21.7		21.7				
Chile	39.6	.8		6.5	.6	7.9				31.7
Colombia	16.9	.8	1.0	4.1	.5	6.4		.5		10.0
Ecuador	4.0	.2		.5	.2	.9				3.1
Egypt	19.6	1.0		2.0	1.0	4.0		2.0		13.6
Finland	22.3	.2		21.8	.3	22.3				
France	.7	.6		.1		.7				
Germany	1.2	1.1		.1		1.2				
Greece	[3] 20.5	.5		3.9		4.4			$7.5	8.5
Indonesia	96.7	1.0	2.0	16.0	.3	19.3				77.4
Iran	[3] 12.2	.2		3.3	.2	3.7	5.9			2.5
Israel	40.9	.4		8.2	.4	9.0		3.1		28.8
Italy	50.0	1.7	1.0	12.7		15.4		4.6		30.0
Japan	150.8	3.3		17.6	2.1	23.0	8.1	10.9		108.8
Korea	58.8	.5		12.9		13.4	45.4			
Pakistan	46.3	1.6		6.3		7.9	25.9			12.5
Paraguay	3.0	.2		.5	.1	.8				2.2
Peru	13.5	.7		2.5	.6	3.8				9.7
Portugal	7.1	.3		2.9	.5	3.7				3.4
Spain	117.5	2.0	1.0	46.2	1.0	50.2				67.3
Thailand	2.0	.2		1.0		1.2				.8
Turkey	44.1	.7		21.4		22.1				22.0
United Kingdom	27.2			27.2		27.2				
Yugoslavia	123.1	.3		25.1		25.4	88.7			9.0
Total agreements	[3] 1,041.1	20.2	8.6	287.4	9.6	325.8	174.0	24.1	7.5	508.6
Uses as percent of total	100.0	2.0	.8	27.6	.9	31.3	16.7	2.3	.7	48.9

[1] Amounts shown on this table are subject to adjustment when actual purchases have been made.

[2] In order to provide flexibility in the use of funds for United States uses, many agreements provide a total amount to be distributed among the several United States uses. In such instances amounts shown under subsections (*a*), (*b*), and (*h*) are the best information available in regard to uses or contemplated uses under these subsections. Balances not otherwise distributed are shown under subsection (*f*). This distribution is subject to revision when allocations have been completed.

[3] Total amount shown for the following countries includes amounts in excess of amounts provided in agreements, for which currency uses have not been specified:

	Thousand dollars
Austria	$335
Brazil	610
Greece	92
Iran	116
Total	1,153

These unspecified uses represent 0.1 percent of total currency uses.

BARTER

Legislation relating to barter of surplus commodities is contained in the Commodity Credit Corporation Charter Act of 1948, in the Agricultural Act of 1949, and in the Agricultural Act of 1954. Section 304 of Public Law 480 strengthened and reemphasized this previous legislation and established a policy of protecting the assets of Commodity Credit Corporation by bartering surplus agricultural commodities which are perishable and expensive to store for strategic and other materials less perishable and less costly to store. It directs the Secretary to use every practicable means to expedite and encourage such exchanges.

Under the stimulus of this congressional policy, barter contracts entered into since July 1, 1954, have totaled nearly $500 million, in comparison to a total of approximately $107 million for the preceding 5 fiscal years. Grains have accounted for the major part of our agricultural surplus trade via the barter route and in the fiscal year 1955 barter accounted for approximately one-fifth of all United States wheat exports. Strategic materials have accounted for approximately 90 percent of the goods received under barter contracts.

SECTION 304

Section 304 of the act prohibits sales of surplus commodities for foreign currency to the U. S. S. R. or any nation dominated or controlled by the U. S. S. R. or the world Communist movement. The section has also been interpreted to prohibit barter of surplus commodities with any such countries and even cash sales for dollars at the world price, although neither barter nor cash sales depend upon this act for their basic authority, and although it is by no means clear that such was the intent of Congress when the law was enacted.

The executive communication from the Secretary of Agriculture recommended outright repeal of this section, as did the President in his message of January 9, 1956. The Secretary of State, in his appearance before the committee in executive session, strongly urged that the section at least be amended so as to permit barter transactions with the satellite countries.

Section 3 of the bill reported herewith amends the existing language of section 304 of the act so as to do three things: (1) make it clear that section 304 applies only to sales of surplus commodities for foreign currency (title I of the act); (2) authorize barter transactions with the satellite countries; but (3) specifically prohibit any transactions under Public Law 480 with the U. S. S. R., Communist China, or North Korea. Elimination from the section of the words "for food, raw materials, and markets" does not change the meaning of the section but merely removes from an already complicated statute words which the committee considers to be nothing but confusing surplusage. In addition, the committee points out that section 304 applies only to the act of which it is a part and should not be interpreted as applying to matters outside the scope of that act.

Following is the text of a letter from the Secretary of State to the chairman of the Committee on Agriculture, following the Secretary's appearance before the committee, outlining his reasons for the requested barter authority and the limited use intended to be made of it.

THE SECRETARY OF STATE,
Washington, June 7, 1956.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: I urged before your committee in executive session the repeal of section 304 of Public Law 480 (the Agricultural Trade Development and Assistance Act). I did so in order that this Government would be in a position to make selective offers, on a barter basis, of surplus agricultural products to the European satellites of the Soviet Union.

The peoples of these countries are frequently plagued with food shortages and dietary deficiencies. I believe that it would be helpful if they could know, in a concrete and dramatic way of the bountiful fruits of a society of freedom, which free nations share on a normal basis.

The offers we have in mind would be designed to illustrate and illuminate the possibilities which normally prevail as between free nations.

The suggestions we make do not relate to trade with the Soviet Union itself nor do they relate to the establishment of a normal pattern of trade with the Soviet satellites which might serve either to strengthen the war potential of the Soviet bloc or to entrench the present order in relation to the satellite countries—an order which President Eisenhower and I have repeatedly said, to the Soviet rulers themselves, ought to be changed in the interest of peace and justice.

Sincerely yours,

JOHN FOSTER DULLES.

ASSISTANCE TO AMERICAN SCHOOLS

Section 104 (h) now authorizes use of foreign currencies acquired through sale of surpluses for the financing of certain international educational exchange programs. Section 2 of the bill will broaden the scope of this provision to permit these funds also to be used to aid certain American schools in the countries in which the funds originate. The schools included in this category are nonprofit, nonsectarian, nongovernmental schools which are now receiving a limited amount of assistance from regular appropriations.

EXECUTIVE COMMUNICATION

Following is the executive communication from the Secretary of Agriculture requesting enactment of this legislation.

DEPARTMENT OF AGRICULTURE,
Washington, May 17, 1956.

The SPEAKER,
House of Representatives.

DEAR MR. SPEAKER: There is enclosed a proposed form of bill to amend title I of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended.

The enclosed form of bill would increase the maximum amount authorized to be appropriated to reimburse the Commodity Credit Corporation for commodities disposed of and costs incurred, under title I of the act, from $1.5 billion to $3.0 billion.

Enactment of legislation to accomplish this purpose is recommended in order to permit orderly programing during the fiscal year 1957.

Since the inception of the title I program, agreements entered into involve a CCC cost of approximately $1.258 billion. There is reasonable certainty of exhausting the existing authorization of $1.5 billion within the next 2 months through signature of agreements now in negotiation. It is probable that if funds are available, total programing through the fiscal year will exceed $1.5 billion.

On the basis of experience during the first 2 years under the act, it is anticipated that programing for the fiscal year 1957, would proceed at about the same rate as programing has taken place in fiscal year 1956. This would require between $700 and $800 million for agreements entered into on a 1-year basis, plus the amount for first year's deliveries under 2- and 3-year programs. Prospects for the negotiation of agreements which would cover deliveries over periods of 2 and 3 years are good, and past experience under the program indicates that such agreements would be desirable. Taking into account the possibilities of forward programing, it is believed that agreements which we might expect to enter into by June 30, 1957, would bring the total of the program on the basis of CCC cost, since the beginning of operations, to approximately $3 billion.

The proposed bill would further amend the act in two respects. It would amend section 104 (h) so as to permit the use of title I currencies in rendering assistance to American-sponsored schools and binational centers provided for under the so-called Smith-Mundt Act. It would repeal section 304 of the act, which would permit the bartering of agricultural commodities with Soviet bloc countries but not sales for foreign currencies to such countries.

The Bureau of the Budget advises that there is no objection to the submission of this recommendation.

Sincerely,

E. T. BENSON, *Secretary*.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

PUBLIC LAW 480—83D CONGRESS

CHAPTER 469—2D SESSION

S. 2475

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

TITLE I—SALES FOR FOREIGN CURRENCY

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, and (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) Transactions shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of ⟦$1,500,000,000⟧ *$3,000,000,000*. This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of this Act can be achieved within the safeguards established.

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis;

(b) To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to 10 years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act;

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations;

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)) *and for the providing of assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1448).*

Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title.

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine

the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act.

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U. S. S. R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102 (a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after June 30, 1957, except as required pursuant to agreements theretofore entered into pursuant to this title.

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TITLE III—GENERAL PROVISIONS

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SEC. 304. (*a*) The President shall exercise the authority contained [herein] *in title I of this Act* (1) to assist friendly nations to be independent of trade with the U. S. S. R. [or] *and with* nations dominated or controlled by the U. S. S. R. [for food, raw materials and markets,] and (2) to assure that agricultural commodities sold or transferred [hereunder] *thereunder* do not result in increased availability of those or like commodities to unfriendly nations.

(*b*) *Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or Communist China or North Korea.*

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